

FISCAL NOTE

SB 1290 - HB 1894

March 12, 1997

SUMMARY OF BILL: Defines *Direct to Home Satellite Service (DHS)* and provides that such services are taxable under sales tax law at 6% *plus a percentage of the gross charge equal to the local option sales tax rate applicable in the situs of the delivery of service*. Such additional percentage would be allocated in the same manner as the local option sales tax. **DHS services are currently taxed at 6% by the state.** The federal telecommunications law provides that local governments may not levy a tax on such services.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$24,000 One Time
\$2,500 Recurring**

Increase Local Govt. Revenues - \$800,000

Assumes an increase in one time state expenditures of \$24,000 and an increase in recurring expenditures of \$2,500 for computer system changes in the Department of Revenue.

Also assumes an increase in local government revenue of \$800,000 which assumes estimated annual sales of \$35.6 million in such satellite services and an average local sales tax rate of 2.25%.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director